



**U.S. Department of Justice
U.S. Attorney's Office
Western District of Texas**

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**FOUNDER OF EARFUL OF BOOKS SENTENCED TO FEDERAL PRISON AND
ORDERED TO PAY OVER \$1.6 MILLION IN RESTITUTION**

The U.S. Attorney's Office announced that in Austin, Paul Adams Rush, the former Chief Executive Officer and founder of Earful of Books, was sentenced this morning to ten years in federal prison on 17 fraud and money laundering charges. In addition, U.S. District Judge Sam Sparks ordered that Rush pay \$1,669,813.61 restitution and be placed under supervised release for a period of five years after completing his prison term.

On July 15, 2005, a federal jury found Rush guilty of two counts each of wire and bank fraud, eight counts of making a false statement in relation to a loan and five counts of money laundering.

Rush was the founder and a large shareholder of Earful of Books, Inc., a publicly traded company. Rush also served as the President and Chairman of the Board of Earful of Books. From early 2001 until the company closed its doors in April of 2002, Rush initiated a fraud scheme designed to pump money into Earful of Books. Earful of Books never made a profit and by early 2001, Earful of Books was in serious need of cash.

In 1999, Rush agreed to serve as the trustee of a trust created by an Austin couple for that couple's four children. In the spring of 2001, Rush stole \$529,000 from the trust and spent the money on himself and the expenses of Earful of Books.

In late 2001 and early 2002, Rush obtained a series of loans, or renewal of loans—each ranging between \$15,000 and \$600,000—from City National Bank in Taylor, Texas, and Village Bank and Trust in Lakeway, Texas, by forging the signature of an individual on guaranties associated with each loan. All of the loans were made to Earful of Books except a \$50,050 loan at City National Bank which was made to Rush in his personal capacity. In addition, Rush personally received \$43,000 of a \$250,000 loan from Village Bank and Trust.

As for the \$1,669,813.61 restitution, Judge Sparks ordered that Rush pay \$558,337.51 to the Bowen Trust of 1999; \$861,476.10 to City National Bank; and, \$250,000 to Prosperity Bank (formerly known as Village Bank and Trust). This case was the result of an investigation by the Federal Bureau of Investigation. Assistant United States Attorney Mark Lane prosecuted this case on behalf of the Government.

In 1990, Rush was convicted of misapplication of bank funds by a bank employee and willful tax evasion in U.S. District Court in San Antonio, Texas. From in or about 1986 to 1989, Rush embezzled \$537,446.50 from his employer, Frost National Bank in San Antonio, Texas. Rush was sentenced to 27 months in prison for this crime.

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